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MINISTERIO DE ECONOMIA

GUATEMALA, C. A.

June 23, 2006

Mr. Scott D. Quesenberry
Special Textile Negotiator
Office of the United States Trade Representative
600 Seventeenth Street, N.W.
Washington, DC 20508

Dear Mr. Quesenberry:

I have the honor to confirm the following understandings reached between our Governments regarding Article 3.25 (Rules of Origin and Related Matters) of the Dominican Republic – Central America – United States Free Trade Agreement signed on August 5, 2004 (the "Agreement"):

(1) After the Agreement enters into force, the United States will propose a modification to the Agreement's rules of origin, pursuant to Article 3.25 of the Agreement. This modification will provide that, if an apparel good contains a pocket or pockets, the pocket bag fabric must be formed and finished in the territory of one or more of the Parties to the Agreement from yarn wholly formed in the territory of one or more of the Parties to the Agreement in order for that apparel good to qualify as an originating good under the Agreement ("pocket bag fabric rule of origin modification").

(2) Guatemala is prepared to engage in Article 3.25 consultations immediately after the Agreement enters into force, and will agree to the pocket bag fabric rule of origin modification in those consultations without condition or delay.

(3) The application by Guatemala of the pocket bag fabric rule of origin modification will provide a benefit to the United States that satisfies the requirements of Article 3.20.3 of the Agreement.

(4) In light of Guatemala's unconditional commitment to agree to the pocket bag fabric rule of origin modification, the United States will provide duty refunds as provided for under Article 3.20.1 of the Agreement with respect to imports of textile or apparel goods of Guatemala that were imported into the United States between January 1, 2004 and the date of entry into force of the Agreement for Guatemala and that satisfy the other requirements of that article.

(5) After the Agreement enters into force, Guatemala will propose a modification to the Agreement's rules of origin, pursuant to Article 3.25 of the Agreement. This modification will provide that women's and girls' cotton coats or suits classified in tariff items 6202.12.2050, 6202.92.2061, 6202.92.2071, 6202.93.4500, 6204.32.2010, 6204.32.2030, and 6211.41.0055 shall be considered originating goods under the Agreement regardless of the origin of the fibers, yarns, or fabrics

used in the production of the component of the good that determines the tariff classification of the good, provided that the good satisfies all other applicable requirements of Chapter Four (Rules of Origin and Origin Procedures) of the Agreement.

(6) The United States is prepared to engage in consultations regarding the proposed modifications described in paragraph (5) immediately after the Agreement enters into force, and will agree to the proposed modification in those consultations without condition or delay.

(7) Subject to the acceptance of the proposed modifications described in paragraphs (1) and (5) by the other Parties to the Agreement, and after the proposed modifications are approved in accordance with the applicable legal procedures of each of the Parties, Guatemala and the United States shall implement the proposed modifications on a date the Parties shall determine.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments.

Sincerely,

Marcio Cuevas Quezada
Minister of Economy

cc:
Mr. Marco Vinicio Ruiz, Ministre of Foreign Trade of Costa Rica
Mr. Fransisco Javier Garcia, Minister of Trade of the Dominican Republic
Ms. Yolanda de Gavidia, Minister of Economy of El Salvador
Ms. Elizabeth Ascona Bocock, Minister of Trade of Honduras
Mr. Alejandro Arguello, Minister of Trade of Nicaragua

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

June 23, 2006

The Honorable Marcio Ronaldo Cuevas Quezada
Minister of Economy
Guatemala City, Guatemala

Dear Minister Cuevas:

I am pleased to acknowledge your letter of today's date, which reads as follows:

"I have the honor to confirm the following understandings reached between our Governments regarding Article 3.25 (Rules of Origin and Related Matters) of the Dominican Republic – Central America – United States Free Trade Agreement signed on August 5, 2004 (the "Agreement"):

(1) After the Agreement enters into force, the United States will propose a modification to the Agreement's rules of origin, pursuant to Article 3.25 of the Agreement. This modification will provide that, if an apparel good contains a pocket or pockets, the pocket bag fabric must be formed and finished in the territory of one or more of the Parties to the Agreement from yarn wholly formed in the territory of one or more of the Parties to the Agreement in order for that apparel good to qualify as an originating good under the Agreement ("pocket bag fabric rule of origin modification").

(2) Guatemala is prepared to engage in Article 3.25 consultations immediately after the Agreement enters into force, and will agree to the pocket bag fabric rule of origin modification in those consultations without condition or delay.

(3) The application by Guatemala of the pocket bag fabric rule of origin modification will provide a benefit to the United States that satisfies the requirements of Article 3.20.3 of the Agreement.

(4) In light of Guatemala's unconditional commitment to agree to the pocket bag fabric rule of origin modification, the United States will provide duty refunds as provided for under Article 3.20.1 of the Agreement with respect to imports of textile or apparel goods of Guatemala that were imported into the United States between January 1, 2004 and the date of entry into force of the Agreement for Guatemala and that satisfy the other requirements of that article.

(5) After the Agreement enters into force, Guatemala will propose a modification to the Agreement's rules of origin, pursuant to Article 3.25

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of the Agreement. This modification will provide that women's and girls' cotton coats or suits classified in tariff items 6202.12.2050, 6202.92.2061, 6202.92.2071, 6202.93.4500, 6204.32.2010, 6204.32.2030, and 6211.41.0055 shall be considered originating goods under the Agreement regardless of the origin of the fibers, yarns, or fabrics used in the production of the component of the good that determines the tariff classification of the good, provided that the good satisfies all other applicable requirements of Chapter Four (Rules of Origin and Origin Procedures) of the Agreement.

(6) The United States is prepared to engage in consultations regarding the proposed modifications described in paragraph (5) immediately after the Agreement enters into force, and will agree to the proposed modification in those consultations without condition or delay.

(7) Subject to the acceptance of the proposed modifications described in paragraphs (1) and (5) by the other Parties to the Agreement, and after the proposed modifications are approved in accordance with the applicable legal procedures of each of the Parties, Guatemala and the United States shall implement the proposed modifications on a date the Parties shall determine.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments."

I have the honor to confirm that the understandings referred to in your letter are shared by my Government, and that your letter and this reply shall constitute an agreement between our two Governments.

Sincerely,

Scott D. Quesenberry
Special Textile Negotiator

cc:

Ms. Doris Osterlof, Vice Minister of Foreign Trade of Costa Rica
Mr. Marcello Puello, Vice Minister of Trade of the Dominican Republic
Mr. Eduardo Ayala, Vice Minister of Foreign Trade of El Salvador
Mr. Jorge Rosa, Vice Minister of Trade of Honduras
Mr. Alejandro Arguello, Vice Minister of Trade of Nicaragua